3. Increase in fine amount.

4. Educating passenger against falling prey to such touts.

5. Checking of movement of unauthorized taxies by Traffic Police.

Assistance to AP under Accelerated Irrigation Benefit Programme

*365. SHRI SAYED AZEEZ PASHA: Will the Minister of WATER RESOURCES be pleased to state:

(a) whether the Andhra Pradesh State Government have asked the Centre to enhance the allocation of Rs.8000 crore per year under the Accelerated Irrigation Benefit Programme in the next five years; and

(b) if so, the details thereof and Government's reaction thereto?

THE MINISTER OF WATER RESOURCES (PROF. SAIF-UD-DIN SOZ): (a) and (b) Central Assistance (CA) under the Accelerated Irrigation Benefits Programme (AIBP) is provided for irrigation projects on year to year basis keeping in view the ceiling fixed by the Planning Commission for the state as a whole and the budget provisions made by the state Government in the State budget during that particular year for the projects posed for CA under the Programme. The States are required to submit proposal (for new and for ongoing projects under AIBP) for CA on year to year basis.

Variations in rates of VAT between States

*366. SHRIMATI N.P. DURGA: Will the Minister of FINANCE be pleased to state:

(a) whether it is a fact that some variations in rates of VAT between State-to-State still exist due to some of the decisions taken by the Empowered Committee;

(b) if so, the details of decisions because of which there is a variation in VAT rates in some of the States;

(c) whether it is also a fact that some of the States have deviated from the EC approved rate structure;

(d) if so, the details of States which have deviated from this; and

(e) what action the Ministry is taking or proposed to take to persuade the States to follow the EC approved VAT structure?

THE MINISTER OF FINANCE (SHRI P. CHIDAMBARAM): (a) and (b) The State VAT, being a tax on sale or purchase of goods within a State, is

a State subject by virtue of Entry 54 of State List of the Constitution of India. An Empowered Committee of State Finance Ministers(EC) has been constituted to deliberate upon and decide all matters concerning State VAT. The EC has decided the design of VAT (including the structure of tax rates) to be adopted by the States. However, some variations exist in tax rates from State to State due to some of the EC decisions. For instance,

(i) The EC has permitted each State to exempt 10 items out of the list of about 50 items of 'goods of local importance' finalized by the EC. The remaining items are to be taxed at 4%.

(ii) The EC has permitted each State to notify its own list of industrial inputs (depending on the nature of usage of the item in the State concerned) which are subjected to the lower rate of 4% (as against general rate of 12.5%).

(iii) The States have the discretion to tax the items in exempt category at the rate of 4%, and the items in 4% category at the rate of 12.5%, if they so decide.

(c) and (d) From the information made available by the EC and the States, it is seen that over and above the instances cited above, some States have made further deviations from the EC approved rates in respect of some items of goods. These States/UTs include Assam, Bihar, Chhattisgarh, Chandigarh, Delhi, Goa, Haryana, Himachal Pradesh, Kerala, Karnataka, Maharashtra, Meghalaya and Orissa, with Kerala having introduced a new upper rate of 20% on selected products recently, reflecting the particular compulsions prevailing in individual States. The EC has the task of closely monitoring the position in its meetings, in order to ensure that all the States/UTs adopt the uniform tax structure finalized by the EC.

(e) The Finance Minister has met the EC on several occasions and, more frequently, its Chairman. Advisor to the Finance Minister, as a permanent invitee to the EC, participates in EC meetings. Other senior officers of Ministry of Finance also attend EC meetings. However, since State VAT is a State subject, it is for the States to take necessary steps to follow the uniform tax structure collectively finalised by them.